



**City of Santa Barbara**  
Airport Department

Meeting: 09/25/19  
Agenda Item No. 7

**DATE:** September 25, 2019  
**TO:** Airport Commission  
**FROM:** Henry Thompson, Airport Director  
**SUBJECT:** Fiscal Year 2019 Fourth Quarter Financial Report

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**RECOMMENDATION:**

That Commission receive a staff presentation regarding the Fiscal Year 2019 Fourth Quarter Financial report.

**DISCUSSION:**

Airport revenues are tracked in a number of categories:

- **Leases- Commercial/Industrial** include revenues from airport-owned land and buildings in the commercial/industrial area.
- **Leases-Terminal** include revenues from rental car companies, parking, and terminal concessions.
- **Leases- Non-Commercial Aviation** includes revenues received from Fixed Base Operators, 495 S. Fairview Hangars, and other general aviation users.
- **Leases- Commercial Aviation** includes Airline Terminal building rental, fuel flowage, and landing fees for the commercial airlines and airfreight.
- **Investment Income**
- **Miscellaneous** revenue for items such as TSA Law Enforcement Officer (LEO) reimbursement and Airport badging.

Airport expenditures are tracked in a number of categories:

- **Salaries & Benefits**
- **Materials, Supplies & Services** includes supplies and services, Aircraft Rescue and Firefighting (ARFF), allocated costs, and Engineering reimbursement.
- **Special projects** for the parking shuttle to Long Term Lot 2 and the Airport Tour Center.
- **Transfer-Out** to the Development fund and for citywide consultants for an asset inventory and strategic energy plan.
- **Debt Service** for the Airline Terminal project.
- **Capital Outlay Transfers** to the Capital and Grants funds for capital projects.
- **Equipment**

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The following chart summarizes Airport revenues and expenditures at the end of the Fourth Quarter for Fiscal Year 2019.

YTD Budget Report Per 1-12						YTY Comparison
ACCOUNT DESCRIPTION	REVISED BUDGE	YTD ACTUAL	ENCUMB	AVAILABLE BUDGET	% USED	PRIOR YEAR ACTUALS
Leases- Commercial/Industrial	(4,614,200)	(4,548,016)	-	(66,184)	98.57%	(4,682,165)
Leases- Terminal	(6,117,463)	(6,106,174)	-	(11,289)	99.82%	(5,707,392)
Leases- Non-Commercial Aviation	(4,176,645)	(4,144,563)	-	(32,082)	99.23%	(2,293,411)
Leases- Commercial Aviation	(5,272,573)	(5,418,126)	-	145,553	102.76%	(5,117,106)
Investment Income	(216,700)	(178,853)	-	(37,847)	82.53%	(146,543)
Transfers In	-	-	-	-	#DIV/0!	(291,942)
Miscellaneous	(27,300)	(122,338)	-	95,038	448.12%	(143,432)
Revenue Total	(20,424,881)	(20,518,070)	-	93,189	100.46%	(18,381,991)
Salaries & Benefits	7,420,702	6,751,554		669,148	90.98%	6,492,027
Materials, Supplies & Services	9,822,810	9,174,688	330,988	317,134	96.77%	8,649,591
Special Projects	217,689	113,713	56,247	47,729	78.07%	90,301
Transfers Out	821,622	821,622	-	0	100.00%	-
Debt Service	1,817,366	1,363,195	-	454,171	75.01%	1,800,355
Capital Outlay Transfers	2,557,336	2,550,751	-	6,585	99.74%	2,200,346
Equipment	76,519	50,736	-	25,783	66.31%	44,769
Expense Total	22,734,044	20,826,258	387,235	1,520,551	93.31%	19,277,389
Grand Total	2,309,163	308,188	387,235	1,613,740	30.12%	895,398

### At Fourth-Quarter:

#### Revenues

At Fourth Quarter Actual Revenues are at \$20.5M, or 100% of budget, mainly due to the following factor(s):

- Commercial/industrial leases at 99% of budget.
- Terminal revenues at budget with rental car, restaurant, and gift shop revenues up due to increased passenger traffic, offset by the delayed start of revenues from the Ground Transportation Program. Parking ended the year at budget.
- Non-commercial aviation revenues down \$32,000 due to decreased general aviation landing fees and fuel flowage fees with reductions in service from SurfAir. The decreases were offset by increased lease revenues from facilities at 495 South Fairview Avenue.
- Overall Commercial Aviation revenues will be above target by nearly 3%, or \$146,000 due to airline negotiated rates and charges and new air carrier activity. Landing fees from the airlines were up 1% due to aircraft upgauging and new airline service. Building rental from the airlines are 5% above budget as Frontier, Contour, and Sun Country have rented space at the Terminal beyond that included in the FY 2019 budget.

- Miscellaneous revenue above budget by \$95,000. During FY 2019 budget development, TSA indicated the Law Enforcement Officer reimbursement program would not be continued and the budget was zeroed out. The program has been continued at a reduced level from prior years.

#### Expenditures

Overall, Fourth Quarter Actual Expenditures are at \$20.8M, with associated savings of approximately \$1.5M, or 7%. This is due to the following factors:

- Salary and benefits savings were nearly \$670,000, or 9% of budget. The Airport had vacancies in Administration, Business & Property Management, Facilities Maintenance, Airport Patrol, and Certification and Operations.
- Materials supplies and services ended the year with approximately \$317,000 in savings. The biggest items of savings included: \$95,000 in savings from the City Attorney's Office, which was unable to provide dedicated Airport legal support; \$76,000 savings from the parking management contractor, who has reduced some costs, especially insurance-related costs; and miscellaneous savings throughout the department.
- The Special Projects budget included shuttle bus operations to Long Term Parking Lot 2 for peak passenger periods from summer through the New Year. Terminal employees were shuttled to a parking lot at 495 South Fairview Avenue from Thanksgiving to the New Year and were originally planned to be shuttled during repairs to the Terminal Long Term Parking Lot. The shuttle to the Long Term Lot 2 was reinstated in May 2019 following significant passenger growth. Savings vs. year-end of were a result of the shuttle operating for approximately 3 total months in the year.
- In April 2019, the Airport/City finalized the 2019 Airport Bond issue, which is a refunding of the 2009 Airport Bond. Debt service savings for the Operating Fund equal \$454,000.

#### Summary/additional information:

At Fourth Quarter, expenditures exceeded revenues by \$308,188, including an appropriation of \$1.2M for a passenger boarding bridge. The passenger boarding bridge expenditure will ultimately be reimbursed by an FAA grant in early FY 2021. The FY 2020 budget included a surplus of \$1.4M, which will help alleviate the deficit from FY 2019.

**PREPARED BY:** Administration Division